GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3255
ANSWERED ON:04.08.2017
RBI Direction for Bad Loans
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Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India (RBI) has asked/directed banks to resolve 55 high-value cases of bad loans within six months; and
(b) if so, the details thereof and the steps being taken by the banks in this direction?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) and (b): Reserve Bank of India (RBI) has constituted an Internal Advisory Committee (IAC), which arrived at an objective, non-discretionary criterion for referring accounts for resolution under Insolvency and Bankruptcy Code (IBC). In particular, the IAC recommended for IBC reference all accounts with fund and non-fund based outstanding amount greater than Rs.5000 crore, with 60% or more classified as non-performing by banks as of March 31, 2016.

Accordingly, Reserve Bank of India has issued directions to certain banks for referring 12 accounts, qualifying under the aforesaid criteria, to initiate insolvency process under the Insolvency and Bankruptcy Code, 2016. As regards the other non-performing accounts which do not qualify under the above criteria, the IAC recommended that banks should finalize a resolution plan within six months. In cases where a viable resolution plan is not agreed upon within six months, banks should be required to file for insolvency proceedings under the IBC.
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